

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 L-03 SAM-01 EURE-00 SP-02 AID-05 EB-07

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 H-02

PA-01 PRS-01 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 /082 W

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 4294

LIMITED OFFICIAL USE LISBON 5479

FOR ASSISTANT SECRETARY HARTMAN FROM AMBASSADOR

E.O. 11652: N/A

TAGS: EFIN, PO

SUBJECT: CNP PETROCHEMICAL COMPLEX

REF: LISBON 4630

1. DURING MY RECENT CONSULTATIONS, WE DISCUSSED THE PORTUGUESE REQUEST FOR EX-IM BANK FINANCING FOR CNP ETHYLENE PLANT AT SINES. AS I EMPHASIZED AT THAT TIME, EX-IM BANK PARTICIPATION IS IMPORTANT FOR POLITICAL AND COMMERCIAL REASONS. FIRST OF ALL, WE ARE ANXIOUS TO INDICATE OUR WILLINGNESS TO COOPERATE WITH PORTUGAL'S "MODERATE" ELEMENTS AS THEY COMPETE WITH EXTREME LEFT FOR POLITICAL POWER. UNCOMMITTED POLITICAL FORCES ARE WATCHING DEVELOPMENTS CLOSELY TO SEE IF "MODERATES" REALLY CAN, IF THEY WIN POWER, OBTAIN SIGNIFICANT FOREIGN FINANCIAL SUPPORT. EX-IM REFUSAL TO PARTICIPATE IN CNP PROJECT WOULD SIGNAL OUR UNWILLINGNESS TO WORK WITH ANY CURRENT POLITICAL FORCE IN PORTUGAL. COMMERCIALY, EX-IM FINANCING WOULD PROMOTE SOME \$120 MILLION IN U.S. EXPORTS. THESE POTENTIAL SALES

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REPORTEDLY WILL BE LOST TO GERMANY, ESPECIALLY GIVEN RECENT

DECLINE IN GERMAN PRIME RATES, IF EEC MINISTERS APPROVE
ASSISTANCE PACKAGE FOR PORTUGAL, A STEP WHICH NOW APPEARS LIKELY.

2. DELEGATION FROM CNP AND ITS AMERICAN CONSULTANT (LUMMUS)
ARE NOW IN WASHINGTON. THEIR APPOINTMENTS AT COMMERCE AND
EX-IM BANK HAVE REPORTEDLY BEEN HIGHLY DISCOURAGING.
ECON COUNSELOR IS CALLING ED ROWELL ON MY BEHALF ASKING THAT
LATTER ARRANGE A MEETING BETWEEN YOU, CNP OFFICIALS, AND LUMMUS
FOR TOMORROW, SEPTEMBER 18. I WOULD GREATLY APPRECIATE YOUR
RECEIVING THE CNP/LUMMUS OFFICIALS AND, PRESUMING YOU CONCUR
WITH OUR ASSESSMENT, SUBSEQUENTLY URGING EX-IM PROVIDE
FINANCING FOR CNP PROJECT UNDER CONDITIONS SPECIFIED IN REFTTEL.

3. PER YOUR INQUIRY, PRINCIPAL ITT OFFICER IN BRUSSELS IS:

MAURICE R. VALENTE
PRESIDENT
ITT EUROPE INC.
AV. LOUISE 480, B-1050
BRUSSELS, BELGIUM.
CARLUCCI

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Margaret P. Grafeld
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